

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 306 – HB 520

March 9, 2011

**SUMMARY OF AMENDMENT (004404):** Exempts handgun carry permit holders from the criminal background check requirement when purchasing a firearm if the permit was issued or renewed not more than five years prior to the transaction date. Increases the handgun carry permit fee and the renewal fee by six dollars. Earmarks an additional six dollars to go the Tennessee Bureau of Investigation (TBI) to offset the loss in revenue as a result in the decrease in the number of criminal background checks.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue - \$307,000  
Decrease State Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue – Net Impact - \$153,500/TBI**  
**Decrease State Expenditures – Not Significant**

Assumptions applied to amendment:

- Currently, the TBI is authorized to charge a fee, not to exceed \$10, for conducting a background check.
- According to the TBI, there are approximately 307,000 handgun carry permit holders. Approximately 54,200 renew each year. No data is available on gun purchases made by permit holders. TBI assumes approximately 10 percent (30,700) of handgun carry permit holders would also be firearm purchasers and would no longer be subject to a background check. There will be a recurring decrease in state revenue of \$307,000 (30,700 x \$10).
- Handgun carry permits are valid for four years. TBI assumes one-fourth (307,000 / 4 = 76,750) will renew his or her permit and will pay the additional \$6 resulting in recurring revenue of \$460,500 (\$6 x 76,750).
- The recurring net increase in state revenue for TBI will be \$153,500 (\$460,500 - \$307,000).
- Any decrease in expenditures for TBI to perform fewer background checks will not be significant.

- The proposed bill does not require gun dealers to verify the validity of handgun carry permits with the Department of Safety (DOS). As a result, there will be no fiscal impact to DOS.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/lsc